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## **LARSON INTRODUCES BILL TO REPEAL TAX GIVEAWAYS TO OIL INDUSTRY**

WASHINGTON, DC ♦ U.S. Congressman John B. Larson (CT-01) today introduced legislation to eliminate unnecessary tax breaks for oil companies in response to record industry profits, excessive executive compensation, and soaring gas prices.

The Oil Subsidy Elimination Act of 2006 would eliminate nearly \$7 billion worth of these unneeded tax breaks and incentives for the oil industry by:

- Closing a \$4.3 billion accounting loophole that allows oil companies to avoid taxes on the profits they earn on their Last In, First Out (LIFO) inventories;
- Limiting the foreign tax credit that companies receive for taxes they pay to oil producing countries abroad in lieu of royalties; and,
- Repealing \$1.5 billion worth of tax incentives provided to oil companies in the Energy Policy Act, including denying large oil companies preferential tax treatment for oil exploration costs ♦ a provision which President Bush himself has proposed eliminating.

♦The hard truth is that with rising gas prices, Americans are getting hit twice: once at the pump and once again with their tax dollars, ♦ said Larson.  
♦Even while oil companies keep bringing in quarter after quarter of

record-breaking profits, the Republican-controlled Congress has not hesitated to provide them with billions of dollars worth of unneeded tax incentives and loopholes. These tax breaks need to be repealed so that money can be put back into the Low Income Heating and Emergency Assistance Program or alternative energy sources like fuel cells. ♦

The legislation was cosponsored by Representatives Jim McDermott (D-WA), Maurice Hinchey (D-NY), Tom Allen (D-ME), Darlene Hooley (D-OR), and Raul Grijalva (D-AZ), and Rosa DeLauro (D-CT).

The Oil Subsidy Elimination Act is the latest in a series of measures that Larson is promoting to alleviate high energy prices. Larson supports the Federal Response to Energy Emergencies (FREE) Act, introduced by Representative Bart Stupak (D-MI), which would provide the Federal Trade Commission with the explicit authority to investigate and punish those who artificially inflate the price of energy.

In addition, Larson is an original cosponsor of Stupak's Prevent Unfair Manipulation of Prices (PUMP) Act to improve transparency and oversight of oil futures speculation. Since March 2005, Larson has worked to investigate the extent to which energy traders are manipulating the price of the role that energy commodities traders are playing in rising energy costs. At his urging, the Government Accountability Office (GAO) is currently conducting an examination of the federal government's oversight of energy futures trading.

Larson also announced that he is supporting legislation that Representative Jim McDermott (D-WA) is introducing today to eliminate a manufacturing tax deduction enacted in 2004 that lowered taxes for the oil industry. Enacted as part of legislation to repeal a foreign trade subsidy, recent reports have shown that oil companies are receiving millions of dollars as a result of this unneeded tax cut. Conoco Philips, for example, received \$106 million from

this tax benefit in 2005. The cost of this benefit is expected to triple by 2010 as it is fully phased in.

Finally, Larson previously joined with Congresswoman Rosa DeLauro (D-CT) to introduce the Consumer Windfall Excess Oil Profits Protection Act of 2005 (H.R. 4276) to impose a windfall tax on oil profits. The proceeds from these profits would be used to fund the Low-Income Home Energy Assistance Program (LIHEAP), which provides home heating assistance to low-income families, and for veteran's medical care provided by the Department of Veterans Affairs.

◆My Democratic colleagues and I are offering solutions to the everyday problems Americans are facing, like paying for the price of gas and heating and cooling their homes. Instead of leaving no oil executive behind, Congress should worry about leaving \$3 a gallon gas prices behind,◆ concluded Larson.

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